

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Commonwealth Edison Company	:	
	:	11-0357
Reconciliation of revenues	:	
collected under power	:	
procurement riders with actual	:	
costs associated with power	:	
procurement expenditures.	:	

PROPOSED ORDER

By the Commission:

The Illinois Commerce Commission ("Commission") entered an Order ("Initiating Order") commencing the instant reconciliation proceeding. Among other things, the Initiating Order found that Commonwealth Edison Company ("ComEd") "shall reconcile revenue collected under each of the ... tariffs [named therein], or under related provisions filed pursuant to the orders cited and authorizing the recovery of power supply costs for the reconciliation period [of June 1, 2009, through May 31, 2010], with costs incurred in connection with procurement activities as defined in the tariffs of each utility."

Pursuant to due notice, hearings were held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois. Appearances were entered by respective counsel for ComEd and the Commission Staff ("Staff"). Evidence was presented by ComEd and Staff, and at the conclusion of the hearings, the record was marked "Heard and Taken." An "agreed to" draft order was filed by ComEd, following a review by Staff.

Background

As explained in the Initiating Order, the final order entered on January 24, 2006 in Docket No. 05-0159 approved, with modifications, the initial series of tariffs under which ComEd would purchase and deliver electricity to its customers following the January 1, 2007, expiration of the mandatory rate freeze.

Among the approved tariffs were Rider CPP, Competitive Procurement Process; Rider PPO-MVM, Power Purchase Option (Market Value Methodology); and Rider TS-CPP, Transmission Services (Competitive Procurement Process). The retail charges computed in accordance with these three riders applied to service provided on and after

January 2, 2007, and all three riders required annual reconciliation proceedings, as provided for in the January 24, 2006 Order.

The three riders were later superseded, in part, by Rider AAF--Accuracy Assurance Factor, and through revisions to Rate BES-H--Basic Electric Service-Hourly Energy Pricing, which were approved by the Commission in an order entered on December 19, 2007, in Docket Nos. 07-0528 and 07-0531 (Cons.).

Rider AAF took effect on February 13, 2008, and was applicable to full-requirements electric supply procurement through May 31, 2008. The revisions to Rate BES-H also took effect on February 13, 2008. In accordance with those revisions, ComEd began including transmission and supply administration costs and revenues in the calculation of the Hourly Purchased Electricity Adjustment Factor ("HPEA") for the November 2007 determination period, which were reflected in the bills for hourly customers beginning with the March 2008 billing period. Rider AAF and Rate BES-H similarly provided for annual reconciliation proceedings.

As explained in the Initiating Order in Docket No. 11-0357, Rider AAF, referenced above, was superseded by Rider PE beginning with the June 2008 determination period, as reflected in the bills for October 2008. Rider PE calculates one Purchased Electricity Adjustment ("PEA") Factor, applicable to all customers served under Rate BES--Basic Electric Service. Rider PE also requires a yearly reconciliation. Effective January 15, 2009, Rate BESH, Basic Electric Service Hourly Pricing, replaced Rate BES-H.

Prior Reconciliation Cases

The initial reconciliation of revenues collected under power procurement riders with actual costs associated with power procurement expenditures, which covered the period of January 2, 2007 through May 31, 2008, was the subject of a reconciliation proceeding in Docket No. 09-0080. An Order in that proceeding was entered December 2, 2010.

The second reconciliation of revenues collected under power procurement riders with actual costs associated with power procurement expenditures, which covered the period of June 1, 2008, through May 31, 2009, was the subject of a reconciliation proceeding in Docket No. 10-0275. An Order in that proceeding was entered December 21, 2011.

Instant Proceeding

In the instant case, Docket No. 11-0357, the Initiating Order directed ComEd "to present evidence to show the reconciliation of revenues collected under the respective tariffs with costs incurred in connection with proper procurement activities as defined in the tariffs of each utility, all as is more fully described hereinabove" for the reconciliation period of June 1, 2009 through May 31, 2010. Additionally, ComEd was ordered to

include a schedule presenting cumulative totals of incremental costs and cumulative totals of recoveries, by wholesale product, to the extent such information is reasonably available.

ComEd was also ordered to provide for the correction of any accounting errors that might have occurred in the application of the provisions of Rider PE and Rate BESH.

Rider PE and Rate BESH

As explained by ComEd witness Mr. Waden, ComEd presented a reconciliation of revenues during the reconciliation period for: (i) its Purchased Electricity Adjustment Factors ("PEAs") under ComEd's Rider PE – Purchased Electricity ("Rider PE") and (ii) its Hourly Purchased Electricity Adjustment Factors ("HPEAs") under Rate BESH – Basic Electric Service – Hourly Energy Pricing ("Rate BESH"). (ComEd Ex. 1.0, 1.1, 1.2 and 1.3)

The PEAs pertained to full-requirements electric supply purchased by ComEd for customers in the "blended" segment, as described in Rider PE, and for which the applicable period is June 1, 2009, through May 31, 2010. The HPEAs pertained to electric power and energy directly procured by ComEd for customers taking service under ComEd's bundled service tariff with hourly pricing for the period June 1, 2009, through May 31, 2010. (ComEd Ex. 1.0 at 1-2)

As indicated in the Appendix to this Order, customers in the Blended segment were residential retail customers; lighting retail customers; and nonresidential retail customers in the Watt-Hour and the Small Load Customer Groups, taking service under the then effective Rate BES - Basic Electric Service.

Customers in the Hourly segment were nonresidential retail customers in the Self-Generation and the Competitively Declared Customer Groups not taking service under Rate RDS – Retail Delivery Service with electric power and energy provided by Retail Electric Suppliers ("RESs"); and retail customers in other customer supply groups that elected to take service under Rate BESH – Basic Electric Service Hourly Pricing.

It is noted that in prior reconciliation proceedings, customers in the Annual segment were nonresidential retail customers in the Large Load and the Very Large Load Customer Groups taking service under the then-effective Rate BES-NRA – Basic Electric Service-Nonresidential (Annual); and the Railroad Delivery Class taking service under Rate BES-RR – Basic Electric Service-Railroad. As indicated in Docket 10-0275, customers are no longer served under the Annual segment, and the \$218,279 remaining Annual regulatory asset was transferred to the Blended segment.

Mr. Waden described the operations relating to PEAs under Rider PE and HPEAs under Rate BESH. The PEAs and HPEAs were designed as part of Rider PE and Rate BESH so that the expenses ComEd incurred for the procurement of full

requirements electric supply and directly procured electric power and energy, as required by retail customers for which ComEd was providing such supply, would equal the revenues from those retail customers for such supply based on changes in those customers' actual usage and demands on ComEd's system. (ComEd Ex. 1.0 at 5)

As provided in the tariff language of Rider PE and Rate BESH, an internal audit was conducted and a report that summarized the results of the audit was prepared and submitted to the Commission. (ComEd Ex. 1.0 at 6) The report was attached to Mr. Waden's testimony as ComEd Ex. 1.1, as was ComEd Ex. 1.2, which is the Supplemental Report Relating to the 2010 ComEd Purchased Electricity Cost Recovery Review. ComEd submitted a revised version of ComEd Ex. 1.2, Appendix 1, as ComEd Ex. 1.3, which reflects one revision as discussed below. These schedules were provided for purposes of complying with the Initiating Order's directive that ComEd shall "include a schedule presenting cumulative totals of incremental costs and cumulative totals of recoveries, by wholesale product." A copy of ComEd Ex. 1.3 is attached as the Appendix to this Order.

To calculate PEAs and HPEAs under Rider PE and Rate BESH, ComEd calculated the difference between revenues and expenses associated with each product on a monthly basis. Any amounts that were over/under recovered in a given period were reflected in a subsequent period on customers' bills, as applicable, and any amounts that were credited to or recovered from customers were incorporated into the next applicable monthly calculation of the PEAs and HPEAs. At the end of any accounting period, ComEd recorded a cumulative regulatory asset (under-recovery) or regulatory liability (over-recovery) for each product offering. (ComEd Ex. 1.0 at 6-7)

Mr. Waden testified that ComEd did not inappropriately recover any of the same costs through charges in any other tariffs. According to the witness, the accounting and the process related to the PEAs and HPEAs, as well as the tariff provisions, prevented any such double recovery. (ComEd Ex. 1.0 at 7)

Staff Witness Ms. Pearce proposed an adjustment of \$2,942 for interest related to ComEd's December 20, 2011, informational filing (Staff Ex 1.0R at 2-3 and Staff Ex. 1.0R, App. 1, Line 12).

Section 16-115.5(l) – Implementation of or Compliance with Procurement Plan

The Initiating Order directed that ComEd "address in testimony specifically how it complied with the applicable procurement plan approved by the Commission for the period under review."

Section 16-111.5(l) of the Public Utility Act ("Act") provides, in part, "A utility shall recover through the tariff all reasonable costs incurred to implement or comply with any procurement plan that is developed and put into effect pursuant to Section 1-75 of the Illinois Power Agency Act and this Section, including any fees assessed by the Illinois Power Agency, costs associated with load balancing, and contingency plan costs. The

electric utility shall also recover its full costs of procuring electric supply for which it contracted before the effective date of this Section in conjunction with the provision of full requirements service under fixed-price bundled service tariffs subsequent to December 31, 2006. All such costs shall be deemed to have been prudently incurred.”

ComEd witness Mr. McNeil addressed how ComEd complied with the applicable procurement plan approved by the Commission in Docket No. 08-0528 for the 12-month reconciliation period ended May 31, 2009 (“Plan” or Procurement Plan”). (ComEd Ex. 2.0 at 21-23)

Mr. McNeil stated that the key components of the Plan are (1) the identification of pre-existing contracts for supply, (2) the determination of the amounts and method for procuring the residual requirements of energy, capacity and ancillary services for the eligible retail customers, and (3) the procurement of renewable energy resources. (ComEd Ex. 2.0 at 20) He also testified as to how ComEd purportedly complied with each component of the Plan.

As to the first component of the Plan, Mr. McNeil testified that during the relevant time period, there were two types of pre-existing contracts for energy, capacity or ancillary services that ComEd entered into outside of the context of a procurement plan pursuant to either an ICC order or a provision of law. First, pursuant to the Order in Docket No. 05-0159, ComEd entered into a number of Supplier Forward Contracts (“SFCs”) with the winners of the 2006 Illinois Auction to supply capacity, energy and ancillary services to serve the full electrical requirements of the residential and smaller than 400kW commercial and industrial customers. The SFCs in effect during this reconciliation period provided power and energy to supply about one-third of the load of these customers. Second, pursuant to Section 16-111.5(k) of the Public Utilities Act (“Act”), ComEd entered into a five-year “swap contract” with Exelon Generation, LLC (“ExGen”). During this reconciliation period, that agreement provided price certainty for 2,000 MW of around-the-clock (“ATC”) energy that ComEd procured through the PJM spot markets. (ComEd Ex. 2.0 at 20-21)

Mr. McNeil testified that ComEd complied with the pre-existing contracts portion of the Plan, which required that ComEd track compliance with the terms of the SFCs and swap agreement, by (1) tracking that the suppliers provided the required amounts of energy, capacity and ancillary services, and then paying the suppliers for the product provided; and (2) procuring and paying for energy from the PJM spot market and then settling up, on a monthly basis, with ExGen for the difference between the day ahead spot prices and the contract prices. (ComEd Ex. 2.0 at 21-22)

With regard to the second component of the Plan, Mr. McNeil testified that the Plan called for the procurement of block energy-only products -- which varied monthly and by on-peak and off-peak time periods -- to meet the requirement of the Act that the portion of the utility’s load not supplied by pre-existing contracts was to be served pursuant to the procurement of standard wholesale products. To balance the portion of the load served by these block energy products, he said the Plan called for ComEd to

procure and sell energy in the PJM-administered spot markets, and similarly, to procure the capacity and ancillary services not provided by the SFCs from the relevant PJM-administered markets. (ComEd Ex. 2.0 at 21)

Mr. McNeil testified that ComEd complied with the procurement of the electricity supply portion of the Plan by executing the standard contract that the Procurement Administrator had developed with each winning bidder for the block energy products for the amount and price approved by the Commission. During the terms of these contracts, ComEd tracked that the appropriate amounts of energy were delivered by each supplier, and then paid the approved price to the supplier for this product. ComEd confirmed delivery through the PJM scheduling process at least one month prior to when energy began flowing for each month of the term. ComEd acquired balancing energy, capacity and ancillary services through the relevant PJM markets. ComEd tracked that the appropriate amounts were obtained, confirmed that invoiced amounts were correct and then processed payment for these amounts. (ComEd Ex. 2.0 at 22)

As to the third component of the Plan, Mr. McNeil testified that the Plan called for procurement of the required amounts of renewable energy resources through the procurement of renewable energy credits ("RECs"). (ComEd Ex. 2.0 at 21)

Mr. McNeil testified that ComEd complied with the procurement of renewable energy resources portion of the Plan by executing the standard contract that the Procurement Administrator had developed with each winning bidder for the RECs for the amount and price approved by the Commission. During the terms of these contracts, ComEd confirmed delivery of the appropriate amount of RECs from each supplier through the use of the PJM Environmental Information System Generation Attribute Tracking System ("EIS GATS") or the MISO Midwest Renewable Energy Tracking System ("M-RETS") certification systems. After deliveries were made and confirmed, ComEd made payments to the suppliers at the approved prices. ComEd also validated that invoices from the renewable certification entities were correct and then processed payments as reimbursement for those services. (ComEd Ex. 2.0 at 22-23)

Administrative and Operational Functions and Costs

The Initiating Order stated, "Additionally, such reconciliation may provide for the determination of the reasonableness of the utility's internal administrative and operational costs associated with the procurement of electric power and energy for retail customers served under Rates BES-H and BESH for the period June 1, 2009 through May 31, 2010...."

Mr. McNeil stated that administrative and operational costs consist of two types. First are costs that are internal to the Energy Acquisition Department and are related to the procurement-related functions of that department. Second are the costs that are external to the Energy Acquisition Department that were incurred to obtain products or

services needed by that department to perform its procurement-related functions. A summary schedule detailing both types of such costs is presented in ComEd Ex. 2.1.

Administrative and Operational Costs of Energy Acquisition Department

During the reconciliation period, ComEd's Energy Acquisition Department consisted of five groups: Procurement Planning and Strategy; Wholesale Billing and Credit; Wholesale Supplier Operations; Wholesale Markets and Development; and Electric Supplier Services. (ComEd Ex. 2.0 at 4-5)

The Procurement Planning and Strategy group is responsible for developing and advocating ComEd's position in the annual procurement proceedings and fulfilling ComEd's responsibilities in Illinois Power Agency ("IPA") procurement events.

The Wholesale Billing and Credit group performed three primary functions: (1) validate PJM Interconnection, L.L.C. ("PJM") invoiced charges to ComEd and initiate payments to PJM for confirmed services; (2) validate charges to ComEd from its wholesale suppliers, initiate payments for those deliveries, and manage all wholesale contracts; and (3) administer daily credit processes, including the determination of mark-to-market collateral requirements and the processing of collateral payments or instruments. (ComEd Ex. 2.0 at 5)

The Wholesale Supplier Operations group performs a number of daily functions, such as (1) validating individual retail customer enrollments for each retail electric supplier ("RES") to assure that the daily load responsibilities of each RES are accurate; (2) calculating individual retail customer Peak Load Contributions and Network Service Peak Loads and aggregating them by the responsible RES so that PJM can properly bill each RES; (3) submitting daily load bids for the retail load served by ComEd into the PJM day-ahead energy market; (4) forecasting RES hourly energy load serving responsibilities and monitoring RES estimates submitted to PJM to ensure good faith scheduling; (5) confirming scheduled physical deliveries by ComEd's wholesale suppliers; and (6) performing the reconciliation of actual versus estimated supplier load responsibilities with PJM. (ComEd Ex. 2.0 at 6)

In the Wholesale Markets and Development group, the primary role is to calculate the hourly load of the ComEd Zone on a daily basis, which is the starting point for the allocation of load responsibility for the load-serving entities in the ComEd Zone. (ComEd Ex. 2.0 at 7-8) As explained below, no incremental administrative and operational costs associated with this group were collected from retail customers through Rider PE or Rate BESH.

The main responsibility of the Electric Supplier Services group is to serve as the primary point of contact with RESs, including certifying new RESs and addressing RES issues. Additionally, the group processes customer enrollments with RESs as well as customer enrollments to ComEd's hourly service; and provides historical customer

usage data to market participants that have customer authorization to release data. (ComEd Ex. 2.0 at 8-9)

The Wholesale Markets Development, Wholesale Supplier Operations, and Electric Supplier Services groups report to a Director who oversees the work performed within these groups. Other departmental overhead costs in Energy Acquisition that relate to procurement administrative costs are those associated with activities performed by the Vice President of Energy Acquisition and his Administrative Assistant, as they spend a portion of their time working on procurement-related activities. (ComEd Ex. 2.0 at 9)

Other Administrative and Operational Costs

Mr. McNeil also provided a description and breakdown of the various categories of administrative and operational costs other than costs that are internal to ComEd's Energy Acquisition Department and other than the direct costs of the supply itself (e.g., energy, capacity, ancillary services, transmission), that ComEd incurred in procuring power and energy during the relevant period as reflected in cost summary in ComEd Ex. 2.1. These "other" administrative and operational costs are associated with both internal and external activities. They are described below, and are listed by category, along with the costs expended for each category, in ComEd Ex. 2.1.

Mr. McNeil stated that the Information Technology System Costs are the costs incurred to maintain and support the Retail Office ("RO") software that is used by the Energy Acquisition Department's Wholesale Supplier Operations, which is a standard industry wholesale settlements program that assists in the determination of the amount of load served by ComEd pursuant to Rider PE and Rate BESH. A portion of the RO costs that were flowed through Rider PE and Rate BESH for this period (\$363,275) were previously approved in ICC Docket No. 05-0597 where the Commission approved \$1,381,800 of RO-related costs and approved the amortization and recovery of those costs over a five-year period. (See ComEd Ex. 10.7 in Docket No. 05-0597). Since that proceeding, ComEd has needed to revise RO in response to various PJM rule changes. Mr. McNeil stated that, consistent with the approval in Docket No. 05-0597 and with standard accounting practice, ComEd capitalized those costs and has been amortizing them over a five-year period. (ComEd Ex. 2.0 at 10)

PJM Credit Costs represent the credit facility costs for the posting of PJM-required collateral for the load ComEd procures from PJM. Mr. McNeil said the Procurement Plan in Docket No. 08-0519 requires ComEd to procure the supply to balance the load of its fixed-price customers directly from the PJM spot markets, and that ComEd also procures capacity, ancillary services and transmission to serve both its fixed-price and hourly customers from PJM pursuant to the Procurement Plan. He stated that ComEd is not required to post collateral for the portion of its load related to the contracts for the block energy products, which are most of the energy that ComEd procures. (ComEd Ex. 2.0 at 11)

RECs costs are associated with the certification and tracking services that were used to manage the REC contracts, and included a fixed annual membership fee and a separate fee charged for each REC that was retired by the system. The witness stated that as set forth in the Procurement Plan, two services were used during this period to track RECs -- the PJM Environmental Information Services Generation Tracking System and the MISO Midwest Renewable Energy Tracking System. (ComEd Ex. 2.0 at 11-12)

Procurement Monitor Costs are costs directly associated with the payment of bills by ComEd for the professional services of a Procurement Monitor who was employed by Staff for the purposes of monitoring the fixed-price procurement process. Mr. McNeil stated that, unlike prior years, there were no costs for the services of the Procurement Administrator. The amount of costs shown on ComEd Ex. 2.1 for Procurement Monitor Costs include the costs related to the third procurement plan proceeding, Docket No. 09-0373. (ComEd Ex. 2.0 at 12)

The costs for Professional Services for Auction Revenue Rights ("ARRs") relate to PJM auctions of the right to transmit energy over the various paths that comprise its transmission system. In conjunction with this auction, PJM allocates to its transmission customers the right to receive some of the revenue from this auction if the customer has nominated the paths on the PJM transmission system from which it wants to receive the revenue. Because there are significant differences in the amount of revenue that PJM receives for each of the various paths, ComEd employs the professional services of an expert in this area to assist it with the nomination process. ComEd received over \$55.6 million in auction revenues for the ARRs for which it incurred costs to nominate during the period covered by this proceeding, and both the costs of this service and auction revenues received were passed on to customers. (ComEd Ex. 2.0 at 12-13)

Mr. McNeil stated that the Professional Services Supporting the Supplier Forward Contracts Costs are the costs associated with the population and administration of a data room on the procurement website to provide to suppliers continuously updated information concerning the usage characteristics of ComEd customers in order to more accurately meet those customers' supply needs. (ComEd Ex. 2.0 at 13-14)

Mr. McNeil stated that the Procurement Plan and Reconciliation Proceedings Costs are primarily the costs incurred in developing, obtaining approval for and implementing the third procurement event, covering the period June 2010 through May 2015 as was approved by the Commission in Docket No. 09-0373. Also included are procurement-related costs that were incurred during this period and generally relate to issues that arose in administering existing supply and renewables contracts and to the reconciliation process and proceedings. These costs were incurred over the period involved in this matter, i.e., June 2009 through May 2010, were passed through to customers as they were incurred, and consisted primarily of legal services from counsel external to ComEd, as well as expert witnesses and consulting charges. (ComEd Ex. 2.0 at 14)

Mr. McNeil provided a general description of the auction-related costs that ComEd incurred and flowed through to customers during the relevant period as reflected in ComEd Ex. 2.1. Auction Related Costs are the costs that ComEd incurred in obtaining approval for the auction process in Docket No. 05-0159, which consist largely of outside counsel legal fees and expert witness and consulting fees. The Commission approved recovery of these costs in that docket in the amount of \$5,393,488 to be recovered over a three-year period, which began in January 2007 and ran through the end of 2009. The amount of those costs recovered during the reconciliation period was \$1,048,734. (ComEd Ex. 2.0 at 14; ComEd Ex. 2.1)

Allocation of Administrative and Operational Costs

Mr. McNeil described the process used (i) to allocate internal administrative and operational costs to the Energy Acquisition Department function, and (ii) to apportion or split those allocated costs between the fixed-price load served under Rider PE and the hourly load served under Rider BESH.

For each group in the Energy Acquisition Department -- other than the Wholesale Markets and Development group which imposes no incremental administrative costs on retail customers -- ComEd first identified the primary work activities performed by the group and the portion of the total time spent on each activity by the employees within the group. ComEd then made an assessment of whether or not each activity was related to ComEd's procurement responsibilities. In making that assessment, ComEd considered whether the activity was necessary solely because of ComEd's load-serving responsibilities, or alternatively, if the function would have been required regardless of our load serving obligation.

It was determined that most activities are a combination of these responsibilities. That is, some amount of that activity was deemed necessary to fulfill ComEd's electric distribution company responsibilities to PJM. This work activity would have been required whether or not ComEd supplied any energy to retail customers; however, the fact that ComEd was also a load-serving entity expanded the amount of time and resources needed to perform most activities. Therefore, an estimate of the time spent on each activity was made based on the incremental procurement-related work.

This allocation of time to the procurement function was then further split between how much of the activity related to serving the blended (fixed-price) load in Rider PE versus the hourly load in Rate BESH. This split was made on a time-based assessment. (ComEd Ex. 2.0 at 15-16)

The resulting allocation percentages for each group in the Energy Acquisition Department were described by Mr. McNeil. (*Id.* at 16-17)

Mr. McNeil also explained the methodology used to allocate the "Other Administrative and Operational Costs" described above between Rider PE and Rate BESH. The REC Costs, the Procurement Monitor Costs, the Professional Services for

SFC Costs and the Procurement Plan Proceedings Costs were all directly allocated to the fixed-price customers as these were costs incurred procuring supply for these customers. The Information Technology System Costs were allocated 80% to fixed-price and 20% to hourly price customers. Approximately 85% of the PJM Credit Costs were allocated to the fixed-price customers and 15% were allocated to the hourly price customers as these costs were proportionately allocated based on PJM billings to each service type. (ComEd Ex. 2.0 at 17)

ComEd Ex. 2.1 identifies the amounts allocated to Rider PE and to Rate BESH for the Energy Acquisition Department and for the eight categories in the "Other Administrative and Operational Costs."

Total administrative and operational costs incurred in procuring energy and power were \$5,494,949, of which \$2,298,549 were incurred by the Energy Acquisition Department. Of the \$5,494,949 total, the amount allocated to Rider PE was \$4,838,645. (ComEd Ex. 2.1)

Commission's Conclusions, Findings and Ordering Paragraphs

The Initiating Order directed ComEd to present a "reconciliation of revenues collected under the respective tariffs with costs incurred in connection with proper procurement activities as defined in the tariffs" Based on the evidence presented, including the internal audit and supplemental report, the Commission finds that for the reconciliation period of June 1, 2009 through May 31, 2010, the reconciliation of revenues collected under the above-referenced procurement tariffs with actual costs incurred in connection with proper procurement activities as defined therein, as shown in the Appendix hereto, is accurate, and is hereby approved. The correct tariffs were applied, and, subject to the adjustments and refunds that were made as described by Staff Witness Ms. Pearce, the charges were accurately calculated and collected.

With regard to the internal administrative and operational costs associated with the procurement of electric power and energy for retail customers serviced under Rider PE and Rate BESH for the period June 1, 2009 through May 31, 2010, the Commission finds that such activities and costs were reasonable.

For the reconciliation period, expenses were \$2,731,386,676 for the fixed segment and \$174,992,777 for the hourly segment, totaling \$2,906,379,453. Revenues were \$2,601,476,531 for the fixed segment and \$182,379,888 for the hourly segment, totaling \$2,783,856,419. After reflecting recoveries and other adjustments, the total cumulative under-recovery is \$63,027,354.

The Commission, having considered the entire record, is of the opinion and finds that:

- (1) Commonwealth Edison Company is an Illinois corporation engaged in the transmission, sale and distribution of electricity to the public in Illinois, and is a public utility as defined in Section 3-105 of the Public Utilities Act;
- (2) the Commission has jurisdiction over the parties and the subject matter of this proceeding;
- (3) the facts stated and conclusions reached the prefatory portion of this Order are supported by the record and are hereby adopted as findings;
- (4) for the reconciliation period of June 1, 2009 through May 31, 2010, the reconciliation of revenues collected under the above-referenced procurement tariffs with actual costs incurred in connection with procurement activities as defined therein, as shown in ComEd Exhibits 1.1 and 1.2, as revised in ComEd Exhibit 1.3 and in the Appendix hereto, after revision to reflect the \$2,942 adjustment proposed by Staff witness Ms. Pearce, is accurate, and is hereby approved.

IT IS THEREFORE ORDERED that for the reconciliation period of June 1, 2009 through May 31, 2010, the reconciliation of revenues collected under the above-referenced procurement tariffs with actual costs incurred in connection with procurement activities as defined therein, as shown in ComEd Exhibits 1.1 and 1.2, as revised in ComEd Exhibit 1.3 and as shown in the Appendix hereto, is hereby approved.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

DATED: February 19, 2013

Larry M. Jones
Administrative Law Judge